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19 May 1953

CIA/RR IP-337

*Orig + 1 copy disseminated  
to RQM/OIS, 21 May '53*

JOINT SOVIET-RUMANIAN COMPANIES

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JOINT SOVIET-RUMANIAN COMPANIES

1. Origin and Purpose.

The formation of the Joint Soviet-Rumanian Companies represents, from one point of view, an important control device of the USSR over industrial production in Rumania. Through these joint companies, usually referred to as SOVROMS, the Soviet Union has secured almost a complete monopoly over the Rumanian economy. The reported purpose of these companies, however, is to strengthen the economic structure of the participating companies through the sharing of natural resources.

2. Nature of Operations.

The Sovrom enterprises include such operations as maritime, river and road transport through Sovrom Transport, timber exploitation through Sovrom Lemn, petroleum production through Sovrom Petrol, steel production through Sovrom Metal and many others. (See accompanying chart.)

The completeness of the process of exploitation is indicated by the practices established in petroleum production. Almost 80 percent of the petroleum producing areas are under the control of Sovrom Petrol. Production is exclusively under Soviet control but the exploratory work of finding new producing wells is performed by Rumanian companies. In this way the cost of discovery is borne by the Rumanian government while the benefits of such discoveries go to the joint companies.

3. Organization.

In theory the Sovroms are owned jointly on a 50-50 basis. To guarantee, however, the strict adherence to Communist principles, each ministry of the USSR has one or more councilors in its Rumanian counterpart. Thus, it is common to see resolutions and documents drafted in Russian. The councilors take part in all conferences and usually close the meetings with some restatements of what action is to be taken. In case the Soviet advisors are unable to cope with or solve the problems confronting them, they report to the Rumanian section of the proper ministries in Moscow, forwarding to them all records which may be necessary. Moscow, therefore,

S-E-C-R-E-T

S-E-C-R-E-T

- 2 -

has become the center from which policy decisions emanate.

Each company has a managerial board composed of representatives of the two governments. The board chooses a Rumanian President, who is, however, merely a figurehead. The Director General and the Commercial Director are Russians and these two individuals actually wield the power in the company.

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